

CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION

Rebecca M. Westmore, Esq. SBN 148152  
300 Capitol Mall, 17<sup>th</sup> Floor  
Sacramento, California 95814  
Telephone: 916/492-3186  
Facsimile: 916/324-1883

Attorneys for the  
California Department of Insurance

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF CALIFORNIA  
SACRAMENTO**

In the Matter of:

RICHMOND TITLE SERVICES, L.P., a  
Tennessee company;

FILE NO: SAC 10686-A

**ELECTRONIC CLOSING SERVICES,  
INC., d.b.a. E-TITLE, a Delaware  
company; and,**

FILE NO: SAC 10687-A

**STEWART TITLE GUARANTY  
COMPANY, a Texas Corporation;**

FILE NO: SAC 10688-A

Respondents.

**STIPULATION AND WAIVER and  
ORDER**

TO THE DEPARTMENT OF INSURANCE OF THE STATE OF CALIFORNIA:

Respondents, STEWART TITLE GUARANTY COMPANY ("STEWART TITLE") and  
ELECTRONIC CLOSING SERVICES, INC., d.b.a. E-TITLE ("E-TITLE"), hereby enter this

Stipulation and Waiver in the above-entitled matter and stipulate as follows:

1. Respondent, STEWART TITLE, a Texas Corporation, is licensed by the Insurance  
Commissioner to act as a title insurer in the State of California, pursuant to section 12340.4 of the  
California Insurance Code;

1           2.       Respondent, E-TITLE, a Delaware company, is a wholly-owned subsidiary and  
2 authorized agent of Respondent, STEWART TITLE. E-TITLE is not now nor ever has been  
3 licensed, by the Insurance Commissioner, in the State of California;

4           3.       From May 2006 to June 2007, the Department of Insurance ("Department")  
5 conducted an investigation of STEWART TITLE and E-TITLE, pertaining to the conduct of title  
6 business between STEWART TITLE, E-TITLE, and RICHMOND TITLE SERVICES, L.P., a  
7 Tennessee company with operations in the State of Texas;

8           4.       On or about March 7, 2007, the Department caused to be served upon STEWART  
9 TITLE and E-TITLE, an Order to Cease and Desist the Unauthorized and Unlawful Transaction  
10 of the Business of Title Insurance in the State of California and Order to Show Cause ("Order to  
11 Cease and Desist"), denominated "In the Matter of: RICHMOND TITLE SERVICES, L.P.; a  
12 Tennessee Company; ELECTRONIC CLOSING SERVICES, INC., d.b.a. E-TITLE, a Delaware  
13 company; and STEWART TITLE GUARANTY COMPANY, a Texas Corporation,  
14 Respondents," File Nos. SAC 10686-A, SAC 10687-A and SAC 10688-A, incorporated herein by  
15 reference. The Order to Cease and Desist was amended on April 19, 2007 and May 15, 2007.  
16 The Order to Cease and Desist alleged that between March 2005 and January 31, 2007,  
17 STEWART TITLE, by and through its agent, ELECTRONIC CLOSING SERVICES, INC.,  
18 d.b.a. E-TITLE, issued two thousand one hundred seventy-three (2,173) title policies on  
19 California properties based upon title searches, examinations, reports and/or certificates or  
20 abstracts of title prepared by RICHMOND TITLE SERVICES, L.P., a Tennessee company,  
21 which is not now nor ever has been licensed by the Insurance Commissioner to act in any  
22 capacity regarding the transaction of insurance in the State of California;

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1           5.       STEWART TITLE and E-TITLE acknowledge receipt of the Order to Cease and  
2 Desist in this matter;

3           6.       STEWART TITLE and E-TITLE and the Department, in order to avoid the  
4 expenses, uncertainty and distraction of litigation, and without STEWART TITLE or E-TITLE  
5 admitting or denying the allegations set forth herein and in the Order to Cease and Desist  
6 referenced herein, have undertaken discussions to resolve the issues in this proceeding and now  
7 wish to resolve those issues without the need for a hearing or further administrative action;  
8 therefore STEWART TITLE and E-TITLE, by this Stipulation and Waiver, waive any and all  
9 rights to a hearing in this matter, and any and all other rights related to this proceeding which may  
10 be accorded pursuant to Chapter 5, Part 1, Division 3, Title 2 (commencing with section 11500)  
11 of the California Government Code, and by the California Insurance Code;

12           7.       This Stipulation and Wavier does not constitute an admission of wrongdoing by  
13 STEWART TITLE or E-TITLE;

14           8.       STEWART TITLE and E-TITLE agree to and shall Cease and Desist from issuing  
15 title policies on California properties based on title searches, title examinations, title reports,  
16 certificates or abstracts of title prepared by RICHMOND TITLE SERVICES, L.P., unless and  
17 until the Department determines that RICHMOND TITLE SERVICES L.P. is properly licensed  
18 and qualified to transact the business of title insurance in the State of California, upon written  
19 Order of the Insurance Commissioner to be made and filed herein and without further notice to  
20 STEWART TITLE and E-TITLE;

21           9.       STEWART TITLE and E-TITLE shall Cease and Desist from aiding and abetting  
22 RICHMOND TITLE SERVICES, L.P. in the transaction of title insurance in the State of  
23 California, upon written Order of the Insurance Commissioner to be made and filed herein and  
24 without further notice to STEWART TITLE and E-TITLE;

1           10.     E-TITLE agrees that it and/or any of its employees, agents or assigns shall Cease  
2 and Desist from preparing title searches, title examinations, title reports, and certificates or  
3 abstracts of title on California real property or from writing title policies on California real  
4 property. STEWART TITLE agrees to and shall Cease and Desist from writing title policies on  
5 California real property unless STEWART TITLE'S own employees perform the title searches,  
6 title examinations, title reports and certificates or abstracts of title, or STEWART TITLE'S own  
7 employees order the title searches, title examinations, title reports and certificates or abstracts of  
8 title from a licensed underwritten title company in compliance with California Insurance Code  
9 sections 12340.5 and 12389.5 of the Insurance Code, upon written Order of the Insurance  
10 Commissioner to be made and filed herein and without further notice to STEWART TITLE and  
11 E-TITLE;  
12

13           11.     STEWART TITLE and E-TITLE agree to and shall Cease and Desist from aiding  
14 and abetting any unlicensed entities in the transaction of title insurance in the State of California,  
15 upon written Order of the Insurance Commissioner to be made and filed herein and without  
16 further notice to STEWART TITLE and E-TITLE;  
17

18           12.     STEWART TITLE and E-TITLE agree to, and shall be jointly and severally liable  
19 to pay, within ten (10) days after receiving an invoice from the California Department of  
20 Insurance, Division of Accounting, the amount of one million four hundred seventy eight  
21 thousand five hundred seventy six dollars and sixteen (\$1,478,576.16) to the California  
22 Department of Insurance as a monetary penalty pursuant to California Insurance Code section  
23 12921.8, upon written Order of the Insurance Commissioner to be made and filed herein and  
24 without further notice to STEWART TITLE and E-TITLE;  
25

26           13.     STEWART TITLE and E-TITLE agree to, and shall be jointly and severally  
liable to pay, within ten (10) days after receiving an invoice from the California Department of

1 Insurance, Division of Accounting, the amount of twenty one thousand four hundred twenty three  
2 dollars and eighty-four cents (\$21,423.84) to the California Department of Insurance for  
3 reimbursement of costs, upon written Order of the Insurance Commissioner to be made and filed  
4 herein and without further notice to STEWART TITLE and E-TITLE;

5  
6 14. This Stipulation and Waiver resolves fully the matters alleged or arising out of, the  
7 allegations in File Nos. SAC 10687-A and SAC 10688-A;

8 15. This Stipulation and Waiver does not settle, waive, release, limit, or prohibit civil,  
9 administrative, or criminal investigations and enforcement actions against STEWART TITLE and  
10 E-TITLE, involving matters alleged or arising out of the allegations in File Nos. SAC 10687-A  
11 and 10688-A, that may be commenced by any state or federal agency other than the California  
12 Department of Insurance;

13  
14 16. Neither this Stipulation and Waiver nor the Order approving this Stipulation and  
15 Waiver are in any way intended to limit or waive the Commissioner's authority to bring further  
16 disciplinary action against STEWART TITLE or E-TITLE for violations not covered by the  
17 Order to Cease and Desist, or this Stipulation and Waiver, whether such violations occurred prior  
18 or subsequent to the date of this Stipulation and Waiver;

19  
20 17. The Insurance Commissioner retains jurisdiction to ensure that STEWART TITLE  
21 and E-TITLE comply with the provisions and terms of this Stipulation and Waiver and/or Order  
22 approving this Stipulation and Waiver;

23 18. STEWART TITLE represents and warrants that the persons executing this  
24 Stipulation and Waiver on behalf of STEWART TITLE GUARANTY COMPANY are  
25 authorized to enter into and execute this Stipulation and Waiver; and,  
26

1           19.     E-TITLE represents and warrants that the persons executing this Stipulation and  
2     Waiver on behalf of ELECTRONIC CLOSING SERVICES, INC., d.b.a. E-TITLE are authorized  
3     to enter into and execute this Stipulation and Waiver;

4           20.     Pursuant to California Insurance Code section 12921(b)(1), this Stipulation and  
5     Waiver is not final unless and until approved by the Insurance Commissioner, as evidenced by an  
6     Order of the Commissioner expressly adopting this Stipulation and Waiver;

7           21.     STEWART TITLE and E-TITLE acknowledge that this Stipulation and Waiver is  
8     freely and voluntarily executed, with a full realization of all its legal rights;

9           22.     This Stipulation and Waiver is a compromise within the meaning of California  
10    Evidence Code sections 1152 and 1154, and neither this Stipulation and Wavier nor the  
11    subsequent Order of the Commissioner shall be used as evidence of the truth of the facts alleged  
12    by the Commissioner herein or in the Order referenced herein;

13           23.     The Insurance Commissioner agrees that all documents produced by STEWART  
14    TITLE and E-TITLE in this matter will remain confidential unless they are used for regulatory or  
15    adjudicative purposes; and,

16           STEWART TITLE and E-TITLE declare under penalty of perjury under the laws of the  
17    State of California that the foregoing is true and correct, and execute this document as follows:

18           Dated: June 29, 2007

19           STEWART TITLE GUARANTY COMPANY

20           Signed: \_\_\_\_\_/s/\_\_\_\_\_

21           Name: Michael Skalka

22           Title: President

1 Dated: June 29, 2007

ELECTRONIC CLOSING SERVICES, INC.,  
d.b.a. E-TITLE

3 Signed: \_\_\_\_\_/s/\_\_\_\_\_

5 Name: Donald A. O'Neill

6 Title: Chairman of the Board and Chief  
Executive Officer

8 Dated: June 28, 2007

GREENBERG TRAURIG

11 By: \_\_\_\_\_/s/\_\_\_\_\_  
Patrick K. Shannon

13 Attorney for Respondents  
14 STEWART TITLE GUARANTY  
COMPANY and ELECTRONIC CLOSING  
SERVICES, INC., d.b.a. E-TITLE

16 **ORDER**

18 The preceding Stipulation and Waiver is hereby adopted as the Order of the Insurance  
19 Commissioner of the State of California.

20 Dated: July 12, 2007

21 STEVE POIZNER  
Insurance Commissioner

23 \_\_\_\_\_/s/\_\_\_\_\_